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INTERSTATE COMMERCE COMMISSION

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LEASE OF RAILROAD EQUIPMENT

Dated as of December 1, 1975

between

WCTU RAILWAY COMPANY

and

AMERICAN SECURITY AND TRUST COMPANY, N.A.
as Trustee under an Owner Trust Agreement
dated as of the date hereof
with Chemical Bank and
International Paper Leasing Corporation

LEASE OF RAILROAD EQUIPMENT dated as of December 1, 1975, between WCTU RAILWAY COMPANY, an Oregon corporation (hereinafter called the Lessee), and AMERICAN SECURITY AND TRUST COMPANY, N.A., acting as Trustee under an Owner Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with Chemical Bank and International Paper Leasing Corporation (said national banking association so acting being hereinafter called the Lessor, and said corporations individually and collectively being hereinafter called the Beneficiary).

WHEREAS the Lessor is entering into a conditional sale agreement dated as of the date hereof with Paccar Inc, (such corporation being hereinafter called the Builder and such agreement being hereinafter called the Security Documentation), wherein the Builder has agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Schedule A hereto (hereinafter called the Equipment);

WHEREAS the Builder is assigning its interest in the Security Documentation to First Security Bank of Utah, N.A., as agent under a Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement) with the Lessor, the Lessee, the Beneficiary, the Guarantor (as hereinafter defined), ITEL Leasing Corporation and the parties named in Schedule A thereto (said bank, as so acting, being hereinafter, together with its successors and assigns, called the Vendor);

WHEREAS the Lessee desires to lease such number of units of the Equipment as are delivered and accepted and settled for under the Security Documentation (hereinafter called the Units) at the rentals and for the terms and upon the conditions hereinafter provided; and

WHEREAS Union Tank Car Company, a Delaware corporation (hereinafter called the Guarantor), of which the Lessee is a wholly owned subsidiary, has agreed to guarantee to the Lessor, as provided in a guaranty agreement dated as of December 1, 1975 (hereinafter called the Guaranty), with the Lessor, the due and punctual payment of the sums payable by, and the due and punctual performance of the obligations of, the Lessee under this Lease and the Lessee's Consent and Agreement dated as of the date hereof (hereinafter

called the Consent), by the terms of which the Lessee consents to the assignment of the Lease;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor, the Builder or the Vendor; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and

acceptance of and the approval of all invoices relating to the Units pursuant to the Security Documentation. The Lessor will cause each Unit to be delivered to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under the Security Documentation. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance (hereinafter called the Certificate of Acceptance) in accordance with the provisions of Article 3 of the Security Documentation, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

§ 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease, 37 consecutive semiannual payments payable on March 15 and September 15 in each year, commencing September 15, 1976. The rental payment payable on September 15, 1976, shall be in an amount equal to .025417% of the Purchase Price (as defined in the Security Documentation) of each Unit subject to this Lease for each day elapsed from the Closing Date (as defined in the Security Documentation) for such Unit to and including the date of such payment. The next 36 rental payments shall each be in an amount equal to 4.3897% of the Purchase Price of each Unit then subject to this Lease. In addition, as additional rental hereunder, the Lessee agrees to pay to the Lessor on the Cut-Off Date (as defined in the Participation Agreement) and on September 15, 1976, respectively, amounts equal to the amounts required to be paid by the Lessor pursuant to the last paragraph of Paragraph 7 of the Participation Agreement.

The rental payments hereinbefore set forth are subject to adjustment pursuant to § 16 hereof. If any of the rental payment dates referred to above is not a business day the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, Chicago, Illinois or Salt Lake City, Utah, are authorized or obligated to remain closed.

The Lessor irrevocably instructs the Lessee to make, and the Lessee agrees to make, all the payments provided for in this Lease (other than the payments owing the Lessor or the Beneficiaries pursuant to Sections 6, 7 [with respect to public liability insurance], 9 and 16 hereof [but in the case of rentals only the amount of the increase therein], which payments shall be made directly to the Lessor or the Beneficiaries, as the case may be) for the account of the Lessor in immediately available funds in care of the Vendor, at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Department, Corporate Division, on or before 11:00 a.m., Salt Lake City time, on the date upon which such payments are due and payable. Such payments shall be accompanied by instructions to the Vendor, first, to apply such payments to satisfy the obligations of the Lessor under the Security Documentation, subject to the limitations contained in the last paragraph of Article 4 of the Security Documentation, and, second, so long as no event of default or event which with the lapse of time and/ or demand provided for in the Security Documentation could constitute an event of default under the Security Documentation shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in immediately available funds in the city where such payment is to be made.

In the event that there are any losses, liabilities or expenses arising out of or resulting from the Investments made pursuant to Paragraph 2 of the Participation Agreement, including, but not limited to, any deficiency in respect thereof, the Lessor shall pay the same to the Vendor and the rentals thereafter payable by the Lessee in respect of Units settled for after such loss, liabilities, expenses or deficiencies arose shall be increased by such amount as shall, in the reasonable opinion of the Lessor, cause the Lessor's net after-tax annual rate of return and Net After-Tax Total Cash Flow (as defined in § 16 hereof) (computed on the same assumptions as were utilized by the Lessor in originally evaluating this transaction) to equal the net after-tax annual rate of return and Net After-Tax Total Cash Flow (as defined in § 16 hereof) that would have been realized by the Lessor if such loss, liability or expense had not occurred.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due and paid pursuant to § 3 hereof.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the Security Documentation. If an event of default should occur under the Security Documentation, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

§ 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the road number set forth in Schedule A hereto, or in the case of any Unit not there listed such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Ownership subject to a Security Agreement Filed under the Interstate Commerce Act, Section 20c", with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Vendor's title to and property in such Unit, the rights of the Lessor under this Lease and the rights of the Vendor under the Security Documentation. The Lessee will not place any such unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words that may be removed, defaced or destroyed. In the event of a change in the road number of any Unit, the Lessee will promptly (i) file a statement containing the new number or numbers being substituted with the Vendor and the Lessor and file, record and deposit such statement in all public offices where this Lease and the Security Documentation shall have been filed, recorded and deposited and (ii) furnish the Vendor and the Lessor an opinion of counsel to that effect and to the further effect that no further filing, recording or deposit (or giving of notice) with any other Federal, state or local government or agency thereof is necessary in order to protect the interests of the Vendor or the Lessor in and to the Units in the United States of America. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates and may also be lettered, in the case of a sublease by the Lessee, in such manner as may be appropriate for convenience of identification of the subleasehold interest therein.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

§ 6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor and the Beneficiary for collection or other charges and will be free of expense to the Lessor and the Beneficiary with respect to the amount of any local, state, federal or foreign taxes (other than any United States federal income tax payable by the Lessor or the Beneficiary in consequence of the receipt of payments provided for herein and other than the aggregate of all state or city income taxes or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes based on such receipts which would be payable to the state and city in which the Lessor or the Beneficiary have their respective principal places of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, certification fees, registration fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, certification fees, registration fees, assessments, charges, fines and penalties being hereinafter called impositions) hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Security Documentation, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of the ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or the interest of the Beneficiary or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of the Lessor and the Beneficiary, materially adversely affect the title, property or rights of the Lessor and the Beneficiary hereunder or the Vendor under the Security Documentation. The Lessee agrees to give the Lessor notice of such contest within 30 days after institution thereof. If any imposition referred to in this paragraph 6 shall have been charged or levied against the Lessor or the Beneficiary and paid by the Lessor or the Beneficiary, the Lessee shall

reimburse the Lessor or the Beneficiary, as the case may be, on presentation of an invoice therefor with interest thereon from the date of such payment to the date of reimbursement at 10.15% per annum or at a rate (hereinafter called the Chemical Rate) equal to 125% of the Prime Rate charged by Chemical Bank to its most creditworthy corporate borrowers as from time to time in effect, whichever is greater; provided, however, that the Lessee shall not be obligated to reimburse the Lessor or the Beneficiary for any imposition so paid unless the Lessee shall have been given 30 days' written notice prior to the payment of such imposition or unless the Lessee shall have been given notice before the time limit for contesting such imposition has expired, and the Lessee shall have been given the opportunity to contest such imposition, except that any such contest shall be in good faith and by appropriate legal proceedings and the nonpayment of such imposition shall not, in the reasonable opinion of the Lessor or the Vendor, materially adversely affect the property or rights of the Lessor or the Vendor under this Lease or the Security Documentation. The Lessor agrees that if, in the opinion of independent tax counsel selected by the Lessee and reasonably acceptable to the Lessor (and whose fees and expenses shall be paid by the Lessee), a bona fide claim exists for a refund of all or a portion of any imposition in respect of which the Lessee has made payment to the Lessor, the Lessor shall upon request and at the expense of the Lessee, take all such legal or other appropriate action deemed reasonable by said independent counsel in order to sustain such claim. The Lessor shall not be obligated to take any such legal or other appropriate action unless the Lessee shall first have indemnified the Lessor for all liabilities and expenses which may be entailed therein and shall have furnished the Lessor with such reasonable security therefor as may be requested. The Lessee shall be entitled to the proceeds of the successful prosecutions to the extent that any such proceeds are not required to reimburse the Lessor for impositions paid and interest thereon as herein provided.

Notwithstanding anything to the contrary in the foregoing paragraph of this § 6, in the event that the Lessor shall become obligated to make any payment to the Builder or the Vendor or otherwise pursuant to any correlative provision of the Security Documentation not covered by such paragraph, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision.

In the event any reports with respect to impositions are required to be made, the Lessee will either make such reports in such manner as to show the interest of the Lessor and the Vendor in such Units or notify the Lessor and the Vendor of such requirement and make such reports in such manner as shall be satisfactory to the Lessor and the Vendor; provided, however, that the Lessor shall provide such information and assistance as may be appropriate in the circumstances.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any imposition, pursuant to this § 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this § 6, the Lessor hereby authorizes the Lessee to act in its own name and on its behalf; provided, however, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action or failure to act by the Lessee pursuant to this authorization.

The Lessee shall, whenever requested by the Lessor or the Beneficiary, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor and the Beneficiary of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Lessor or the Beneficiary reasonably may require to permit the Lessor's and the Beneficiary's compliance with the requirements of taxing jurisdictions.

§ 7. Maintenance; Casualty Occurrences; Insurance.
The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition.

In the event that at any time during the original or any extended term of this Lease any Unit shall be or become worn out, lost, stolen, destroyed, or, in the reasonable opinion of the Lessor or the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation by the United States Government for a stated period which shall exceed the then remaining term of the Lease or for an indefinite period, but only when such indefinite period shall exceed the

term of the Lease, or by any foreign governmental entity resulting in loss of possession by the Lessee for a period of 180 consecutive days, or if, in the event of a change subsequent to September 15, 1984, in any law or rules referred to in the second paragraph of § 9 hereof, it would be economically impractical in the reasonable opinion of the Lessee to conform thereto with respect to the Units (such occurrences being hereinafter called Casualty Occurrences), prior to the return of such Unit in the manner set forth in § 14 hereof, the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto. On the September 15 next succeeding such occurrence the Lessee shall pay to the Lessor a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with the schedule set out below which sum includes and is in lieu of the rental payment or payments in respect of such Unit which would otherwise be due and payable on such date. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft, or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit. In the event the proceeds of such sale exceed the Casualty Value of such Unit, then such excess shall initially be paid to the Lessor. Within 20 days after the Lessor's receipt of such excess proceeds, the Lessee may notify the Lessor that it desires that the Lessor submit a request to the Internal Revenue Service for a ruling to the effect that the payment to the Lessee of one-half of such excess would not result in the unavailability, loss or recapture of all or any part of the Investment Credit, the ADR Deduction, or the Interest Deduction with respect to such Unit. If the Lessee so notifies the Lessor, the Lessor shall with reasonable diligence cause such a ruling request to be submitted to the Internal Revenue Service, and the Lessee shall pay all costs reasonably incurred by the Lessor in connection with such request, including reasonable attorneys' fees. In the event that a favorable tax ruling is issued by the Internal Revenue Service, then the Lessee shall be entitled to receive one-half of the excess proceeds from the Lessor and the Lessor shall be entitled to

the balance of such proceeds. In the event that the Lessee fails to notify the Lessor within the 20-day period specified above that it desires that the Lessor request such a ruling, or in the event that such ruling is unfavorable, then the Lessor shall be entitled to all of the excess proceeds over the Casualty Value of such Unit. In the event that the Units are deemed to have suffered a Casualty Occurrence by reason of a determination by the Lessee that it would be economically impractical, in the reasonable opinion of the Lessee, to conform to a change subsequent to September 15, 1984, in any law or rules referred to in the second paragraph of § 9 hereof, then the Lessee shall not be allowed to purchase any of the Units and shall be entitled, provided that the Lessee has previously paid to the Lessor the Casualty Value of such Units, to receive the proceeds of the sale of such Units to the extent that they do not exceed the Casualty Value of such Units, and any excess proceeds shall be paid to the Lessor.

Subject to adjustment pursuant to the provisions of § 16 hereof, the Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in the following schedule opposite such date, as increased by the percentage set forth in the following paragraph:

<u>Date</u>	<u>Percentage of Purchase Price</u>
September 15, 1976	85.564
September 15, 1977	98.025
September 15, 1978	98.261
September 15, 1979	99.319
September 15, 1980	98.771
September 15, 1981-	96.649
September 15, 1982	93.142
September 15, 1983	88.998
September 15, 1984	84.395
September 15, 1985	79.373
September 15, 1986-	73.984
September 15, 1987	68.284
September 15, 1988	62.332
September 15, 1989	56.186
September 15, 1990	50.07
September 15, 1991-	44.01
September 15, 1992	37.70
September 15, 1993	31.15
September 15, 1994	24.39
and thereafter	

The foregoing percentages have been computed without regard to recapture of the Investment Credit (as defined in § 16 hereof). Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage of the Purchase Price set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Purchase Price</u>
Third	25.7965
Fifth	17.1976
Seventh	8.5988

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such unit shall have been returned in the manner provided in § 14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and promptly pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 24.39% of the Purchase Price of such Unit.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the responsibility for and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

All payments received by the Lessor from any governmental entity for the use of a Unit during the term of this Lease or any renewal thereof shall be paid over to the Lessee to the extent the Lessee has paid rent for such Unit in respect of the period during which the governmental entity has taken such Unit provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor from such governmental entity for the use of such Unit after the term of this Lease or any renewal thereof, shall be paid over to, or retained by, the Lessor.

The Lessee will, at all times prior to the return of

the Equipment to the Lessor, at its own expense, cause to be carried and maintained property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by railroad companies in respect of similar equipment and, in any event, comparable in amounts and against risks insured against by the Guarantor in respect of similar equipment owned by it; provided, however, that the Lessee shall not at any time be required to maintain property insurance with respect to any Unit in an amount greater than the Casualty Value from time to time applicable to such Unit. The benefits thereof shall be payable to the Vendor, the Lessor and the Lessee, as their interests may appear, so long as the indebtedness, if any, evidenced by the Security Documentation shall not have been paid in full, and thereafter to the Lessor and the Lessee as their interests may appear.

Except as otherwise provided in the last paragraph of this § 7, if the Lessor shall receive any net insurance proceeds as the result of insurance carried by the Lessee or any condemnation or other similar payments in respect of Units suffering a Casualty Occurrence (including, without limitation, any payments made by the handling railroad or any other third party which may be required to pay all or a portion of any loss arising from such Casualty Occurrence), the Lessor shall, subject to the Lessee having made payment of the Casualty Value in respect of such Unit and to the extent such proceeds are not required to satisfy the Lessee's obligations under Section 10 hereof if an Event of Default has occurred and is continuing hereunder, pay such proceeds or condemnation or other similar payments to the Lessee up to an amount equal to the Casualty Value with respect to such Units paid by the Lessee and any balance of such proceeds or condemnation or other similar payments shall initially be retained by the Lessor. In the event the Lessor receives any such proceeds or condemnation or other similar payments in excess of the Casualty Value in respect of any Unit, then the Lessor shall promptly notify the Lessee of such receipt. Within 20 days after receipt of such notice, the Lessee may notify the Lessor that it desires that the Lessor submit a request to the Internal Revenue Service for a ruling to the effect that the payment to the Lessee of one-half of such excess would not result in the unavailability, loss or recapture of all or any part of the Investment Credit, the ADR Deduction, or the Interest Deduction with respect to such Unit. If the Lessee so notifies the Lessor, the Lessor shall with reasonable diligence cause such a ruling request to be

submitted to the Internal Revenue Service, and the Lessee shall pay all costs reasonably incurred by the Lessor in connection with such request, including reasonable attorneys' fees. In the event that a favorable ruling is issued by the Internal Revenue Service, then the Lessee shall be entitled to receive one-half of the excess proceeds from the Lessor and the Lessor shall be entitled to the balance of such proceeds. In the event that the Lessee fails to notify the Lessor within the 20-day period specified above that it desires that the Lessor request such a ruling, or in the event that such ruling is unfavorable, then the Lessor shall be entitled to all of the excess proceeds over the Casualty Value of such Unit. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which proceeds were paid has been fully repaired.

The Lessee will, upon request of the Lessor, cause to be carried and maintained in respect of the Units at the time subject hereto property insurance or public liability insurance or both in addition to such insurance as may be required to be carried and maintained by the Lessee pursuant to the preceding paragraph of this § 7 and against such risks and with such insurance carriers as the Lessor may specify in such request; provided, however, that the additional insurance coverage specified in such request is reasonably obtainable and that the Lessor shall pay all costs incurred by the Lessee in connection therewith, including, without limitation, the premiums payable with respect to such insurance. No proceeds of any such additional insurance shall be payable to the Lessee pursuant to the preceding paragraph of this § 7.

§ 8. Reports. On or before January 15 in each year, commencing with the calendar year 1977, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding October 30 the amount, description and numbers of all Units then leased hereunder and covered by the Security Documentation, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding twelve months (or since the date of this Lease in the case of the first such statement) and such information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5 hereof and by the Security Documentation have

been preserved or replaced. The Lessor and the Vendor shall have the right, by their respective agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

The Lessee will furnish to the Lessor, the Vendor, the Beneficiary and the parties named in Schedule A to the Participation Agreement (i) within 60 days after the end of each of the first three quarterly fiscal periods of the Lessee, statements of income and surplus of the Lessee and its consolidated subsidiaries, if any, as of the close of such periods (the statement of income to be in comparative form with the corresponding fiscal period in the preceding fiscal year), in reasonable detail and certified by any Vice President or the Treasurer of the Lessee, (ii) within 120 days after the close of each of the fiscal years of the Lessee, balance sheets of the Lessee and its consolidated subsidiaries, if any, as of the close of such fiscal years, together with the related statements of income and surplus and source and application of funds for such fiscal years, in comparative form with the preceding fiscal year, all in reasonable detail and certified by a recognized national firm of independent public accountants, such certification including their certificates and accompanying comments, (iii) within 120 days after the close of the fiscal year of the Lessee a certificate of the Lessee, signed by a principal financial officer, to the effect that the signer has reviewed the relevant terms of this Lease, the Participation Agreement and the Security Documentation and has made, or caused to be made under his supervision, a review of the transactions and condition of the Lessee during the preceding fiscal year, and that such review has not disclosed the existence during such period, nor does the signer have knowledge of the existence, as at the date of such certificate, of any condition or event which constitutes a default, an Event of Default or event of default or which, after notice or lapse of time or both, would constitute such a default, an Event of Default or event of default or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Lessee has taken or is taking or proposes to take with respect thereto, (iv) as soon as practicable after the filing of the same, all quarterly and annual reports of the Guarantor required to be filed by it under the Securities Exchange Act of 1934, and (v) from time to time such other information as the Lessor may reasonably request. The Lessee will furnish the Lessor from time to time on request such information as the Lessee or the Lessor may be required to furnish any person pursuant to the Security Documentation.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of Items 3 and 4 of Annex A of the Security Documentation; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation, or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters. The Lessee, at its own cost and expense, may furnish additions, modifications and improvements to the Units during the term of this Lease provided that such additions, modifications and improvements are readily removable without causing material damage to the Units. The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects (including, with-

out limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration, replacement or modification of or to any part on any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Vendor, materially adversely affect the property or rights of the Lessor or the Vendor under this Lease or under the Security Documentation.

The Lessee agrees to indemnify, protect and hold harmless the Lessor, the Beneficiary, and the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of or the occurrence of a default by the Lessee under the Participation Agreement or an event of default or an Event of Default under the Security Documentation or this Lease, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit or any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in § 14 of this Lease, or the transfer of title to the Equipment by the Vendor pursuant to any provision of the Security Documentation; provided, however, that the foregoing indemnification shall not apply to any failure of payment of any of the principal of or interest on the Conditional Sale Indebtedness (as defined in the Security Documentation). The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease.

The Lessee agrees to prepare and deliver to the

Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor or the Vendor of the Units or the leasing thereof to the Lessee.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an Event of Default) shall occur:

A. default shall be made in payment of any amount provided for in § 3, 7 or 13 hereof, and such default shall continue for ten days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements contained herein, in the Participation Agreement, in the Consent or in the Guaranty by the Lessee or the Guarantor, respectively, and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee and/or the Guarantor specifying the default and demanding that the same be remedied;

D. a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may hereafter be amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease and under the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

E. any other proceedings shall be commenced by or against the Lessee or the Guarantor for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder or under the Consent, or of the Guarantor under the Guaranty, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder or under the Consent, or of the Guarantor under the Guaranty), and unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease and under the Consent, or of the Guarantor under the Guaranty, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or the Guarantor or for the property of the Lessee or the Guarantor in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its option, may:

(i) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including net after-tax losses of Federal, state and local income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(ii) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor, subject to the applicable provisions of law, may by its agents enter upon the premises of

the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purpose whatever and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify in such notice of termination: (x) a sum equal to (A) the excess, if any, of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Units which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Units over the then present value of the rental which the Lessor reasonably estimates to be obtainable for such Units during such period, such present value to be computed in each case on the basis of a 4% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, plus (B) an amount which, after deduction of all taxes required to be paid by the Beneficiary in respect of all amounts payable by the Lessee to the Lessor hereunder, under the laws of any Federal, state or local government or taxing authority of the United States of America or under the laws of any taxing authority or governmental subdivision of a foreign country, shall, in the reasonable opinion of the Beneficiary, be equal to all or such portion of the Investment Credit (as defined in § 16 hereof) lost, not claimed, not available for claim, disallowed or recaptured by or from the Beneficiary as a direct or indirect result of the breach of one or more of the representations, warranties and covenants made by the Lessee in § 16 or any other provision of

this Lease or the sale or other disposition of the Lessor's interest in any Unit after the occurrence of an Event of Default, plus such sum as shall, in the reasonable opinion of the Beneficiary, cause the Beneficiary's net after-tax annual rate of return under this Lease to be equal to the net after-tax annual rate of return that would have been available to the Beneficiary if they had been entitled to utilization of all or such portion of the ADR Deduction and the Interest Deduction (as such deductions are defined in § 16 hereof) which was lost, not claimed, not available for claim or disallowed or recaptured in respect of the Units as a direct or indirect result of the breach of one or more of the representations, warranties and covenants made by the Lessee in § 16 or any other provision of this Lease, the inaccuracy of any statement in any letter or document furnished to the Lessor by the Lessee, the termination of this Lease, the Lessee's loss of the right to use such Unit, any action or inaction by the Lessee or the sale or other disposition of the Lessor's interest in such Unit after the occurrence of an Event of Default plus such sum which, after deduction of all taxes required to be paid by the Beneficiary in respect of all amounts payable by the Lessee to the Lessor hereunder (based on the marginal tax rate in effect for the Beneficiary at the time of such payment) will pay or reimburse the Beneficiary for any interest, penalties or additions to tax incurred in connection with such loss, failure to claim, inability to claim, disallowance or recapture; or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this subparagraph (ii) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination, over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged or any other user thereof to return the Unit or Units) place such Units upon such storage tracks of the Lessee or any of its affiliates as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor, for a reasonable period not in excess of two years; and

(c) transport the same to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units for a reasonable period not in excess of two years. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same.

All amounts earned in respect of any of the Units after the date of termination of this Lease, whether by reason of the exercise of a remedy upon an Event of Default or otherwise, shall belong to the Lessor unless and until the Lessee shall have acquired such Unit pursuant to the terms hereof and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, or any Unit is not delivered to the Lessor within 60 days of such termination as provided in § 14, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the per diem interchange rate for such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including, but not limited to, the rights under §§ 6, 7, 9, 10 and 16 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Beneficiary and the Lessor's assigns to the extent so assigned (including the partners or any beneficiary of any such assignee if such assignee is a partnership or a trust, respectively).

So long as the Lessee shall not be in default under this Lease and no event of default exists under the Security Documentation, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease but, without the prior written consent of the Lessor and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units) upon or with respect to any Unit or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises; provided, however, that the Lessee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Lessor or the Vendor, materially adversely affect the property or rights of the Lessor or the Vendor under this Lease or the Security Documentation. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as the Lessee shall not be in default under this Lease and no event of default exists under the Security Documentation, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any affiliate and the Lessee may also (a) furnish the Units or any thereof to railroad companies for use upon the lines of railroad

owned or operated by them or over which they have trackage rights and upon connecting and other carriers in the usual interchange of traffic, or to others than railroad companies for use in their business, or (b) sublet all or any of the Units, but only, in either case, upon and subject to all the terms and conditions of this Lease, and to all rights and remedies of the Vendor under the Security Documentation; provided, however, that the Lessee shall not use or permit the use of any Units in service involving the regular operation and maintenance thereof outside the United States of America or in any way inconsistent with or in violation of the representations, warranties and covenants set forth in Section 16 hereof. The Lessee may receive and retain compensation for such use from others so using any of the Units. The Lessee represents and warrants to the Lessor and the Vendor that the Units will be used, and are intended for use, in connection with interstate commerce, and it is the intention of the parties hereto that the Units will be used exclusively in the United States of America.

The Lessee hereby assigns to Lessor all of Lessee's rights in any sublease or assignment of the Units hereunder, which assignment to the Lessor is effective upon, and only upon, the occurrence of an Event of Default under this Lease. Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

§ 13. Renewal Option; Right of First Refusal.

The Lessor intends to retain the Units for release at the expiration of the term of this Lease. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than six months prior to the end of the original term of this Lease elect to extend the term of this Lease in respect of all, but not fewer than all, of the Units then covered by this Lease for one additional two-year period commencing on the scheduled expira-

tion of the original term of this Lease, at an annual rental equal to 2.19485% of the Purchase Price of each Unit, payable in arrears in two semiannual payments on March 15 and September 15 in each year of the extended term. During and at the termination of such extended term the Lessee shall not be required to comply with the provisions of the second paragraph of § 9 hereof or clause (ii) of § 14 hereof, and the term Casualty Occurrence with respect to any Unit shall not include any event arising from it being economically impractical for the Lessee to conform to any change of law or rules referred to in said paragraph; provided, however, that during such extended term, the Lessee shall not operate or use any of the Units, or permit any of the Units to be operated or used, otherwise than in compliance with all applicable laws, with the interchange rules of the Association of American Railroads, and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission, and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units.

The Lessor agrees that (provided no default hereunder shall have occurred and be continuing) it will not sell the Units, or any of them, unless the Lessor shall have given the Lessee at least 45 business days' prior written notice of its intention to sell the Units or any of them, and specifying a date on which it intends to open bids for the purchase of the Units to be sold. On the date so specified, if the Lessor has received a bid which it desires to accept it shall notify the Lessee of the bid price and the terms of sale it desires to accept, and the Lessee shall have the opportunity to purchase such Unit or Units for cash at the same price as specified in such notice. If the Lessor receives no bids, or if it does not desire to accept any bid which it has received, it shall so notify the Lessee on the date specified. In the event that the consideration offered in any such proposed sale is not wholly in cash or if the Lessor and the Lessee shall not agree upon the cash value of the offered consideration other than cash, then such cash value shall be determined by a qualified independent Appraiser. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the

Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee. The opportunity of the Lessee to purchase the Units specified in the Lessor's notice shall continue for a period determined as follows: (i) if the consideration offered in such proposed sale is wholly in cash, 7 business days commencing on the date the Lessee receives such notice from the Lessor of the bid price and the terms of sale it desires to accept; (ii) if the consideration offered in such proposed sale is not wholly in cash, and the Lessor and the Lessee agree in writing upon the cash value of the offered consideration, 2 business days after the Lessor and the Lessee so agree; or (iii) if the consideration offered in such proposed sale is not wholly in cash and an Appraiser is appointed to make the determination of the cash value of the offered consideration, 2 business days after the Lessee receives written notice of the determination of such Appraiser. Upon payment of the purchase price of any Unit, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale (without warranties) for each Unit such as will transfer to the Lessee such title to such Unit as the Lessor derived from the Builder, free and clear of all liens, security interests and other encumbrances arising through the Lessor. The foregoing right of the Lessee to purchase the Units shall expire two years after the termination of the original term of this Lease, or if the term is extended as herein provided, then two years after the expiration of the extended term.

§ 14. Return of Units upon Expiration of Term. As soon as practicable on or after the expiration of the original or extended term of this Lease with respect to any Unit, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee as the Lessor may designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period ending the later of (a) 30 days following the delivery of such Unit to the Lessor or (b) 30 days following the delivery to the Lessor of substantially all of the Units required to be delivered pursuant to this Section 14 ("substantially all" meaning for this purpose not less than 90% of such Units) and transport the same at any time within such period to any carrier for shipment, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee; provided, however, that the expense of transporting such Units to be paid by the Lessee shall not be in excess of the expense of transporting such Units from their location at

the expiration of the Lease or any extended term thereof to Chicago, Illinois. Upon the expiration of the storage period specified above, the Lessee shall, at the request of the Lessor, permit the Lessor to continue to store any Unit then stored by the Lessee on the storage tracks of the Lessee designated by the Lessor, or, in the absence of such designation, on such storage tracks as the Lessee may select, for a period ending not later than 90 days following the last day of the storage period with respect to such Unit specified above. The Lessor shall pay all costs incurred by the Lessee in connection with such additional storage, and any such additional storage shall be at the risk of the Lessor. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, on behalf of either the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this § 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii), except as provided in § 13 hereof, meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction and (iii) be free and clear of all liens, security interests, encumbrances and rights of others except the respective rights of the Lessor hereunder and the Vendor under the Security Documentation and any liens, security interests or encumbrances created by the Lessor, the Vendor or the Beneficiary. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During the period commencing with the expiration of the term of this Lease or, if the term is extended, then the expiration of any extended term thereof, and ending with the date 90 days from such expiration, the Lessor shall be entitled to receive all rental amounts received by the Lessee with respect to any Unit which has not been returned to the Lessor in accordance with this Section 14. For any period thereafter the Lessee shall pay to the Lessor for each day until such Unit is returned to the Lessor the greater of (i) the per diem

interchange for each such Unit or (ii) the rental actually received by the Lessee for such Unit for each such day.

§ 15. Recording. The Lessee, at its own expense, will cause this Lease, the Security Documentation and any assignment hereof or thereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will undertake the filing, registering, deposit and recording required of the Lessor under the Security Documentation and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units and this Lease, or for the purpose of carrying out the intention of this Lease, the Security Documentation and the assignment hereof and thereof to the Vendor; and the Lessee will promptly furnish to the Vendor and the Lessor evidences of all such filing, registering, depositing or recording and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease and the Security Documentation shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit, and the parties recognize that the sole filings, registrations, deposits and recordings presently required pursuant to this § 15 are with the Interstate Commerce Commission.

§ 16. (a) Federal Income Taxes. It is the intent of the parties that this agreement is a lease and that (A) the Beneficiary shall be entitled to such deductions, credits and other benefits with respect to the Units as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (the "Code"), to an owner of tangible personal property used in such owner's trade or business including, without limitation, the ADR Deduction, the Investment Credit and the Interest Deduction, all as hereinafter defined, and (B) the Lessor and the Beneficiary shall be entitled to treat all items of income, deduction and credit with respect to the Units included under this Lease as attributable to sources within the United States.

The Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents which would be

inconsistent with the foregoing intent or which would increase the amount of rentals required to be taken into income by the Lessor or the Beneficiary, and that each of such corporations will file such returns, take such action and execute such documents as may be reasonable and necessary to facilitate accomplishment of such intent. The Lessee agrees to keep and make available for inspection and copying by the Lessor, and will on written request by the Lessor provide the Lessor with such records as will enable the Lessor and the Beneficiary to verify whether they are entitled (A) to the full benefit of the ADR Deduction, the Investment Credit and the Interest Deduction and (B) to treat all items of income, deduction and credit with respect to the Units included under this Lease as attributable to sources within the United States.

The Lessee represents and warrants that (i) all the Units of Equipment constitute property the entire basis, as defined in Section 1012 of the Code, of which qualifies for the 10% Investment Credit under Section 46 of the Code; (ii) at the time the Lessor becomes the owner of the Units, such Units will constitute "new section 38 property" within the meaning of Section 48(b) of the Code, and at the time the Lessor becomes the owner of the Units, the Units will not have been used by any person so as to preclude "the original use of such property" within the meaning of Sections 48(b)(2) and 167(c)(2) of the Code from commencing with the Lessor; (iii) at all times during the term of this Lease, each Unit will constitute "section 38 property" within the meaning of Section 48(a) of the Code; and (iv) none of the Units will be "used predominantly outside the United States" during any taxable year of the Lessor within the meaning of Section 48(a)(2) of the Code.

With respect to any Unit, if (A)(1) for any reason (other than the reasons set forth in subparagraphs (i) through (v), inclusive, below) prior to the receipt by the Lessor of a Ruling (as hereinafter defined), or (2) after the receipt by the Lessor of a Ruling as a direct or indirect result of (a) the inaccuracy in law or in fact of the representations and warranties set forth in the preceding paragraph or any act or omission of the Lessee or the inaccuracy of any statement in any letter or document furnished to the Lessor by the Lessee in connection with an application for a Ruling, (b) the adoption of an amendment, modification, addition or change in the provisions of the Code, or (c) the promulgation of any Income Tax Regulation, Revenue Procedure, Revenue Ruling or Technical Information Release or any other change in Treasury Department or Internal Revenue Service policy,

all or any part of the ADR Deduction, the Investment Credit or the Interest Deduction with respect to any Unit shall be unavailable (or having been available, shall cease to be available or be recaptured) in computing each of the items of income, gain, loss, deduction or credit of the Beneficiary or (B) the Lessor or the Beneficiary shall not be entitled to treat all items of income, deduction and credit with respect to such Unit included under this Lease as attributable to sources within the United States for any taxable year (or portion thereof) during which this Lease is in effect as the result of the location of any Unit outside the United States, then the rental applicable to such Unit set forth in § 3 shall, beginning on the next succeeding rental payment date after written notice to the Lessee by the Lessor of such fact, be increased by such amount as shall be required, in the reasonable opinion of the Beneficiary, to cause the Beneficiary's Net After-Tax Total Cash Flow and net after-tax annual rate of return in respect of the Units over the term of this Lease to be the same as such Net After-Tax Total Cash Flow and net after-tax annual rate of return, respectively, would have been had the ADR Deduction, the Investment Credit and the Interest Deduction been wholly and continuously available and had the Lessor and the Beneficiary been entitled to treat all items of income, deduction and credit with respect to the Units included under this Lease as attributable to sources within the United States; provided, however, that such rental shall not be so increased to the extent that the ADR Deduction, the Investment Credit or the Interest Deduction with respect to a Unit is unavailable as a direct result of the occurrence of any of the following events:

(i) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid to the Lessor the amounts stipulated pursuant to § 7;

(ii) a voluntary transfer by the Lessor of legal title to such Unit, a voluntary disposition by the Lessor of any interest in such Unit or a voluntary reduction by the Lessor of its interest in the rentals from such Unit under the Lease (other than as contemplated by the Security Documentation) unless, in each case, an Event of Default shall have occurred and be continuing;

(iii) the amendment of the Security Documentation without the prior written consent of the Lessee, which consent shall not be unreasonably withheld, if such

amendment shall be the cause of such loss; provided, however, that an Event of Default shall not have occurred and be continuing;

(iv) the failure of the Beneficiary to claim the ADR Deduction, the Investment Credit or the Interest Deduction on its Federal income tax return for the appropriate year, or to follow proper procedure in claiming the Investment Credit, the ADR Deduction or the Interest Deduction, unless prior to the latest date for making such claim, both of the following conditions have been met: (a) the Beneficiary shall have received an opinion of its outside tax counsel to the effect that the Beneficiary is not entitled to claim the ADR Deduction, the Investment Credit or the Interest Deduction, as the case may be, and (b) the Lessee has received an opinion of its outside tax counsel which concurs with such determination; or

(v) the failure of the Beneficiary to have sufficient liability for Federal income tax against which to credit the Investment Credit or sufficient income to benefit from the ADR Deduction or the Interest Deduction for Federal income tax purposes.

For the purposes of this § 16, any outside tax counsel selected by the Beneficiary or by the Lessee must be counsel with a recognized expertise in tax matters with respect to lease transactions. If the Beneficiary shall have received an opinion of its outside tax counsel to the effect that the Beneficiary is not entitled to claim the ADR Deduction, the Investment Credit or the Interest Deduction, as the case may be, and requests that the Lessee furnish to it an opinion of its outside tax counsel with respect to the issue of whether or not the Beneficiary is entitled to claim the ADR Deduction, the Investment Credit or the Interest Deduction, as the case may be, then the Lessee shall request such opinion with reasonable diligence and promptly upon receipt of such opinion furnish a copy thereof to the Lessor.

The recomputation of the rentals payable by the Lessee pursuant to the preceding paragraphs of this § 16 will be based (i) on the same assumptions used by the Beneficiary in originally evaluating this transaction, including the assumptions that any taxable income generated by this transaction is subject to tax at an effective rate of 50.000% and

tional rental, will equal the amount of all interest and penalty paid by the Lessor or the Beneficiary in respect of such final determination, together with interest thereon from the date such payment is made by the Beneficiary to the date the Lessee reimburses the Lessor therefor at the Chemical Rate. If the Beneficiary makes such Tax Payment and then sues for a refund, such increased rental shall commence to be payable by the Lessee on the first rental payment date after such Tax Payment is made and, on or before such rental payment date, the Lessee shall pay to the Lessor as additional rental any amount which, when reduced by any increase in the Lessor's or Beneficiary's income tax liability or liabilities (based on the marginal tax rate in effect for the Beneficiary at the time of such payment) resulting from the Lessor's receipt of such additional rental, will equal all interest and penalty paid by the Lessor or Beneficiary included in such Tax Payment. In such case, if the final determination shall be in favor of the Lessor, (a) the rental payable by the Lessee to the Lessor shall be adjusted by such amount as shall be required, in the reasonable opinion of the Beneficiary, to cause the Beneficiary's Net After-Tax Total Cash Flow and net after-tax annual rate of return with respect to the Units over the term of this Lease to be at least the same as such Net After-Tax Total Cash Flow and net after-tax annual rate of return would have been if such Tax Payment had not been made (or such adjustment shall be made proportionately if the final determination is partly in favor of and partly adverse to the Lessor) and such adjusted rental shall be payable by the Lessee beginning on the rental payment date next succeeding such final determination and thereafter (provided that under no circumstances shall the rental payable by the Lessee under this Lease be less than the amounts necessary to satisfy the obligations of the Lessor under the Security Documentation), and (b) the Lessor shall pay to the Lessee an amount which, when reduced by any net tax benefit to the Lessor resulting from the receipt and the payment of such amount, will equal the amount of any penalty or interest refunded to the Lessor as a result of such final determination and any interest on such refunded penalty and interest paid to the Lessor by the Government, reduced by any net tax incurred by the Lessor on the receipt and the payment thereof, promptly upon receipt thereof.

In the event that any payment or adjustment is required to be made pursuant to this Lease and such payment or adjustment is to be made on succeeding rental payment dates or on or before the next succeeding rental payment date, but at such time this Lease shall have been terminated or rent shall otherwise no longer be due and payable on the remaining rental payment dates, (a) the Lessee shall promptly (but in any event no more than five business days after

notice thereof) pay the Lessor an amount, if any, otherwise payable and not theretofore paid by it, equal to the incremental increase in rent which would have been required if the earlier of the final determination and the Tax Payment had occurred immediately prior to the last rental payment date on or prior to the termination of this Lease and (b) each party required to make payment shall promptly pay all amounts otherwise payable and not theretofore paid by it in respect of interest and penalty (and interest thereon).

(b) Rental Adjustment for Lessee's Additional Expenditures. If for any reason whatsoever all or any part of the cost of any improvement and/or addition to a Unit or any expenditure by the Lessee in respect of any Unit or this Lease (hereinafter called Additional Expenditures) made by the Lessee under and pursuant to the terms of this Lease or otherwise is required to be included in the gross income of the Lessor or Beneficiary for Federal, state or local income tax purposes at any time prior to the time such Unit is disposed of in a taxable transaction, then the rentals for the Units set forth in § 3 shall, beginning on the next succeeding rental payment date after the date on which the Lessee is required to furnish written notice to the Lessor pursuant to the following sentence that such inclusion in the Lessor's or the Beneficiary's gross income is required, be increased to such amount or amounts as shall, in the reasonable opinion of the Beneficiary (after taking into account any present or future tax benefits that the Beneficiary reasonably anticipates it will derive from its additional investment in the Units by reason of such inclusion, including, without limitation, any current deductions, future depreciation deductions and investment tax credit), cause the Beneficiary's Net After-Tax Total Cash Flow and net after-tax annual rate of return (calculated on the same basis as used by the Beneficiary in originally evaluating this transaction, including the assumptions set forth in subsection (a) of this Section 16) in respect of the Units over the term of this Lease to be at least the same as such Net After-Tax Total Cash Flow and net after-tax annual rate of return, respectively, would have been if the cost of such Additional Expenditures had not been includible in the Lessor's or the Beneficiary's gross income. The Lessee agrees that, within 30 days after the close of any calendar year (or, in the event the Lessor gives the Lessee written notice that the Beneficiary's taxable year closes on a date specified therein other than December 31, within 30 days after said date) in which the Lessee has made Additional Expenditures which are

required to be included in the gross income of the Lessor or Beneficiary for Federal, state or local income tax purposes prior to the time such Unit is disposed of in a taxable transaction, the Lessee will give written notice thereof to the Lessor describing such Additional Expenditures in reasonable detail.

In determining the present or future tax benefits to be taken into account by the Beneficiary in establishing the rental increase required hereby, the Beneficiary shall attempt to maximize such benefits and hence minimize the increase in rents by making such elections (including where advantageous the applicable asset guideline repair allowance and accelerated depreciation, if then permitted) and utilizing such conventions and accounting methods as will further such objectives; provided, however, that the Beneficiary shall not be required to make any election or utilize a particular convention or accounting method if the Beneficiary determines, in its sole discretion but in good faith, that in so doing it will adversely affect its Federal income tax liability determined without regard to this transaction.

As a condition of any increase in rentals pursuant to this subsection, the Beneficiary will, upon the written request and at the sole expense of the Lessee, contest the inclusion of the cost of Additional Expenditures in its gross income in such forum as it, in its sole judgment but with due regard to the Lessee's advice, shall select; provided, however, that the Beneficiary shall not be required to contest such inclusion unless it has received an opinion from outside counsel selected by the Lessee and acceptable to the Beneficiary that there is a reasonable basis for contesting such inclusion and the Lessee has advanced to the Beneficiary such sums as the Beneficiary may reasonably deem necessary to pay the costs of such contest.

(c) Definitions. For the purposes of this § 16, the following terms shall have the meanings indicated below:

(1) "ADR Deduction" shall mean the maximum depreciation deduction with respect to the Units authorized under Section 167 of the Code, (a) utilizing a 12-year depreciable life, which is the lower limit listed in Revenue Procedure 72-10, 1972-1 C.B. 721, for property in Asset Guidelines Class No. 00.25, in accordance with the Class Life Asset Depreciation Range System described in Section 167(m) of the Code and the Treasury Regulations

promulgated thereunder as in effect on the date hereof, (b) employing initially the 200% declining-balance method of depreciation with a change, not requiring the consent of the Commissioner of Internal Revenue, or his delegate, to the sum of the years-digits method of depreciation when most beneficial to the Lessor and with a change not requiring the consent of the Commissioner of Internal Revenue, or his delegate, to the straight-line method of depreciation when most beneficial to the Lessor, (c) taking into account an estimated salvage value, after the reduction allowed by Section 167(f) of the Code, of zero, (d) including in the entire basis of the Units the entire capitalized cost thereof and all other items properly includible under Section 1012 of the Code, (e) calculated on the assumption that each Unit is first placed in service during the half of the Beneficiary's taxable year during which the closing with respect to such Unit occurs and (f) utilizing the half-year or modified half-year convention whichever is more beneficial to the Lessor.

(2) "Investment Credit" shall mean the 10% investment credit for "new section 38 property" with respect to 100% of the basis of the Units pursuant to Section 38 and related sections of the Code, including in the basis of the Units the entire capitalized cost thereof and all other items properly includible under Section 1012 of the Code, such investment credit to be available to the Beneficiary with respect to any Unit for the taxable year of the Beneficiary during which the closing with respect to such Unit occurs.

(3) "Interest Deduction" shall mean the deductions pursuant to Section 163 of the Code with respect to interest accrued or paid on the certificates of interest issued pursuant to the Participation Agreement.

(4) "Net After-Tax Total Cash Flow" shall mean an amount equal to (A) the sum of (v) all rentals payable by the Lessee under this lease plus (w) the Investment Credit; less (B) the sum of (x) all amounts payable by the Lessor in respect of the Conditional Sale Indebtedness, (y) all income tax payable by the Beneficiary in connection with this transaction and (z) all fees payable to ITEL Leasing Corporation in connection with this transaction.

(5) "Ruling" shall mean a favorable tax ruling

able such provision in any other jurisdiction.

Except for the Participation Agreement, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

§ 20. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 21. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

§ 22. Immunities; No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, covenants, undertakings and agreements by American Security and Trust Company, N.A., or for the purpose or with the intention of binding said trust company personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by said trust company solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of negligence or wilful misconduct, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said trust company or the Beneficiary or on account of any representation, covenant, undertaking or agreement of the Lessor, either

express or implied, all such personal liability, if any, being expressly waived and released by the Lessee, it being further understood that no liability of the Lessor or any Beneficiary shall be imputed to the other said party.

SECTION 23. Further Assurances. The Lessee agrees that at any time and from time to time, after the execution and delivery of this Lease, it shall, upon request of the Lessor, execute and deliver such further documents and do such further acts and things as the Lessor may reasonably request in order fully to effect the purposes of this Lease, including, but not limited to, any and all information necessary to enable the Lessor properly to complete and file any and all state or political subdivision thereof income tax returns in connection herewith.

SECTION 24. Rights, Remedies and Powers. Each and every right, remedy and power granted to the Lessor hereunder shall not be exclusive but shall be cumulative and in addition to any other right, remedy or power herein specifically granted or now or hereafter existing in equity, at law, by virtue of statute or otherwise and may be exercised by the Lessor from time to time concurrently or independently and as often and in such order as the Lessor may deem expedient. Any failure or delay on the part of the Lessor in exercising any such right, remedy or power, or abandonment or discontinuance of steps to enforce the same, shall not operate as a waiver thereof or affect the Lessor's right thereafter to exercise the same, and any single or partial exercise of any such right, remedy or power shall not preclude any other or further exercise thereof or the exercise of any other right, remedy or power. In the event the Lessor shall have proceeded to enforce any such right, remedy or power and such proceeding shall have been determined adversely to the Lessor, then in such event the Lessee and the Lessor shall be restored to their former positions and the rights, remedies and powers of the Lessor shall continue as if no such proceeding had been taken.

SECTION 25. Patent Indemnity by the Lessee. The Lessee further agrees to indemnify, protect and hold harmless the Vendor and the Builder as third party beneficiaries hereof from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor or the Builder

because of the use in or about the construction or operation of any of the Equipment of any article or material specified by the Lessee or the Guarantor and not manufactured by the Builder or of any design, system, process, formula or combination specified by the Lessee or the Guarantor and not developed or purported to be developed by the Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to the Builder of any claim known to the Lessee from which liability may be charged against the Builder hereunder.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

WCTU RAILWAY COMPANY,

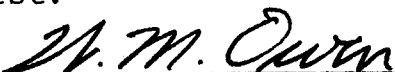
by



Treasurer

[Corporate Seal]

Attest:



Assistant Secretary

AMERICAN SECURITY AND TRUST COMPANY,
N.A., as Trustee,

by



Vice President

[Seal]

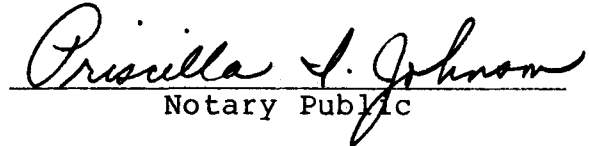
Attest:



Assistant Secretary

STATE OF ILLINOIS,)
) ss.:
COUNTY OF LAKE,)

On this 7th day of JUNE, 1976, before me personally appeared P. J. JOHNSON, to me personally known, who, being by me duly sworn, says that he is Treasurer of WCTU RAILWAY COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

[Notarial Seal]

My Commission expires March 15, 1980

DISTRICT OF COLUMBIA,) ss.:

On this *8th* day of *June* 1976, before me personally appeared *R.D. LARSON*, to me personally known, who, being by me duly sworn, says that he is Vice President of AMERICAN SECURITY AND TRUST COMPANY, N.A., that one of the seals affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

Gregory M. Philbrick
Notary Public

[Notarial Seal]

My Commission expires *6-30-76*.

SCHEDULE A TO LEASE

<u>Type and AAR Mechanical Designation</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Both Inclusive)</u>
50' 7-1/4" 70-ton single sheath box car; AAR Mechanical Designation XM	250	WCTU 101250-101499